

AB 407 (Beall & Eng) – FACT SHEET

Permanent Closures of Continuing Care Retirement Communities

BACKGROUND

Continuing Care Retirement Communities (CCRCs) offer seniors a long-term contract under which the operator agrees to provide housing, residential services and nursing care, usually for the resident's lifetime. Most CCRCs offer three levels of care: Independent living, assisted living, and skilled nursing care. As a resident's medical needs increase, he or she moves to a higher level of care within the CCRC. Oversight of the operation of CCRCs is the responsibility of the Department of Social Services, Community Care Licensing Division; financial oversight is the responsibility of the Continuing Care Contracts Branch.

There are currently 78 CCRCs in California, serving approximately 20,000 seniors. Most are operated as non-profits, but an increasing number are for-profit organizations.

CCRCs have substantial entry fees, which vary depending on the type of housing and services offered and the extent of long-term care services offered. They can range from the hundreds of thousands of dollars to several million dollars in the case of facilities offering ownership. They also charge residents substantial monthly care fees.

In exchange for these fees, CCRCs offer the promise of meals, a place to live and nursing care should the need arise for the rest of the individual's life

While there are extensive statutes governing the opening of CCRCs, there is very little in statute related to CCRC temporary or permanent closures. A 2006 closure of a CCRC in San Jose, for example, had serious adverse consequences for residents. Several deaths were attributable to transfer trauma, resulting in an investigation and a \$20,000 citation by DSS for failure to have a doctor assess the residents' medical and psychological conditions prior to their transfer. While there have been few other closures, the aging of CCRCs will require modernization of some facilities and potential closure of others.

THIS BILL

AB 407 would regulate the permanent closure of CCRCs to protect elderly residents from medical risk and financial harm. The bill would require operators to provide at least 120 days advance notice of the closure and adopt a relocation plan to ensure that the closure is orderly and all residents are adequately provided for. The plan must include an assessment of the care needs of residents at each level of care, including fragile nursing home residents, an explanation of the replacement housing options available, and the compensation that residents will receive if they choose to secure their own replacement housing. Providers would be required to establish a temporary trust fund to ensure adequate resources are available to assist each resident.

SPONSORS

California Continuing Care Residents Association
California Advocates for Nursing Home Reform

STATUS

Last Amended April 21, 2009
Passed Assembly Human Services Committee

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